

Reviews of the Federated States of Micronesia, Kiribati, the Marshall Islands, and Nauru are not included in this issue.

#### GUAM

The highlights during the review period were the 1996 elections and the continuing effort to achieve commonwealth political status for Guam. As always, the governor was the central figure in these events.

Governor Carl T C Gutierrez, a Democrat, misstepped less than a week before the September 1996 primary election when he revealed on the morning radio talk show that he was only going to vote for two of the incumbent Democratic legislative members. This was an attempt to defeat his opponents within the Democratic Party, further widening a rift that had originated in a fight over the Speaker's position in 1994. However, almost all in the Gutierrez faction, including the governor's son, were defeated in the primary.

The result of the legislative general election in November was another setback for the governor. The surviving Democratic candidates asked the governor to stay out of the general election, which he agreed to do. This left them without any significant party support, and the grassroots vote swung decisively in favor of the Republicans. It was a disaster for the Democratic Party. For the first time in fourteen years the Repub-

licans gained the majority in the twenty-one-member legislature. Four Democratic incumbents, including the Speaker, were voted out of office to join the two Democratic incumbents who did not survive the primary election. Two of the top five spots went to new candidates, Lawrence F Kasperbauer and Frank B Aguon, Jr.

The people also demonstrated their dissatisfaction with the status quo when they approved Proposal A, an initiative to reduce the number of senators in the legislature from twenty-one to fifteen to take effect in 1998. An initiative to allow extended-length terms for the senators from two years to four, with staggered terms and limits of three consecutive four-year terms, was soundly defeated. Proposal B, for regulated casino gambling, strongly opposed by the Catholic Church, was rejected by a vote of 27,801 to 9,509.

These setbacks resulted in large part from his having to implement austerity measures because of an inherited financial crisis. He had been elected on the platform of continuing his long-standing record of doing special things for regular people, such as getting electricity to their homes and paving roads. Once in office, and faced with a deficit of nearly \$200 million, the governor had to stop the outflow of cash from the government. The grassroots and government workers took the brunt of the new austerity policies. Government hiring and travel were frozen, while pay raises and overtime

were postponed. Fees and charges for services were radically increased. Residents were told they had to pay for new power poles, for example, and the fee for a simple hookup to the main water line at the end of a driveway went from \$75 to \$750. The Earned Income Credit tax program, which placed cash in the hands of the working poor, worth over \$12 million, and the cost of living allowances for Government of Guam retirees were reduced.

Further, the governor sought complete control of the party and confronted potential rivals. The top vote-getter in 1994, Senator Tom Ada, lost the anticipated speakership of the legislature by the surprise coalition of the minority faction of the Democrats with the minority Republicans. The chairman of the Democratic Party, a member of the Bordallo faction, lost the chairmanship to a Gutierrez-sponsored challenger, former senator Pilar Lujan.

Once the financial crisis was under control, the governor was able to return to his traditional base of support. He spent the rest of the period under review reaching out to the grass roots, his previous constituency, while trying to maintain his support among the business community (previously the Republican base), which he had praised while developing Vision 2001, the strategic plan for the island.

The indigenous rights movement benefited from this new, more conciliatory posture. In 1995 the governor had confronted the Chamoru Nation over the implementation of the provisions of the Chamorro Land Trust Act. After grudgingly signing the implementation

bill, he ignored the effort and gave no support to the understaffed Chamorro Land Trust. In the same month as the 1996 general election, landless Chamorros simply started to move onto the land and erect shacks. Finally recognizing that something had to happen to regain the people's trust in the government, Governor Gutierrez signed six hundred leases for Chamorro Land Trust lots, even though the infrastructure was lacking. He also increased the land trust's staff by transfers from other government agencies and signed into law a bill providing classified status for the land trust staff.

The governor also changed his position on the allocation of federal lands returned to the Government of Guam. In 1995 he had retained all of the returned housing at the naval air station for governmental use, with no benefits going to the original landowners. During the spring of 1997 Gutierrez attended many of the meetings of the original landowners' association, declaring his support for the return of excess federal land to them. In June 1997 he signed leases that returned valuable land on the Harmon Cliff Line to the original landowners, even though these leases did not meet the federal government's definition of "public use benefit" for returned land.

Governor Gutierrez also shifted his position on educational issues, withdrawing his lawsuits against the elected board of education at the end of May 1997 and adopting a cooperative approach. However, this shift came too late to prevent the Department of Defense from setting up segre-

gated schools. By September 1997 most of the dependents of military personnel on Guam, numbering over 3,200 children (one tenth of the island's public school system enrollment) will be attending Department of Defense schools. To add insult to injury, the department withheld \$12 million for the previous year's contract, bringing civil-military relations to their lowest point since the mid-1970s.

In addition, the governor initiated a fresh approach to the long-running political status issue. During the 1996 election season, his party organization raised a remarkable \$692,000 in soft money for the Clinton campaign, even though Guam voters are not eligible to vote in the presidential race. The contributions were clearly aimed at getting President Clinton to support Guam's struggle for a new political status. The status talks, which had made significant progress during the summer, had stalled over the key issues of mutual consent, indigenous rights, Chamorro self-determination, and the return of excess military lands, despite a tentative agreement on these issues having been reached earlier with the Commission on Self-Determination.

Unfortunately Governor Gutierrez's effort to attract the attention of the Clinton administration backfired when the media got hold of the story in March 1997 and linked it to an ongoing investigation of foreign political contributions. In order to avoid any perception of impropriety, the administration deferred further action on Guam's draft Commonwealth Act. The chair of the House of Representatives

committee having cognizance over Guam's status then announced that any House consideration of Guam's Commonwealth Act would have to wait until after Puerto Rico's political status was resolved. The status campaign received a further setback when local Senator Angel Santos, the former head of the Chamoru Nation, called on the US Attorney General to halt commonwealth negotiations pending the elimination of corruption in Guam's government. By the end of the review period the Commission on Self-Determination had decided to return to the language of the original draft Commonwealth Act, approved by a referendum in 1987. In June 1997 the governor joined forces with Archbishop Anthony Apuron and Judge B J Cruz of the Guam Superior Court to create "Solidarity for Decolonization," a nonprofit organization to educate and raise funds for the decolonization process.

The economy showed some signs of recovery from the negative impacts of military downsizing and the downturn in tourist numbers from Japan in 1995. The governor's astute leadership and management of the military's downsizing enabled the island to survive the transition. Enhanced by the governor's Vision 2001 strategic plan, tourism picked up the slack created by the closure of the naval air station, the ship repair facility, and the imminent closure of the fleet industrial supply center. While tourist arrivals in 1996 slightly exceeded those in 1995 (1.3 million), military personnel numbers fell from 11,442 to 6,948 during the past three years. Revenues to the Government of Guam from

income taxes paid by military families dropped from \$81.25 million in 1993 to only \$46.18 million in 1996.

Two Democratic members of the legislature have already announced that they are running against Governor Gutierrez in the 1998 gubernatorial election. The Republicans have only one declared candidate thus far, former Governor Joseph F Ada. With the Republicans solidified and the Democrats split terribly, can Governor Gutierrez sufficiently regain the support of the grass roots while retaining the support of big business to win a second term? The way he manages the political status issue, which has assumed center stage in Guam politics, may well determine the answer to that question.

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#### NORTHERN MARIANA ISLANDS

The year 1996–97 will certainly be one for the history books. Although tourism and the economy generally began to pick up, relations between the commonwealth and federal governments worsened, and crime, often directed against guest workers, increased. The results of the 1995 census were released, revealing another leap in total population from about 43,000 in 1990 to 59,500 in 1995 (by mid-1997 the total population was estimated to be 65,000). Nearly all of the increase was attributed to the influx of guest workers. The governor's decision to dissolve the Marianas Public Land Commission and place the administration of public lands

directly under his authority resulted in a major confrontation with the legislature.

The year under review saw some major movement in the area of economic development, including some interesting diversification. Investments in casinos, hotels, new construction, and capital improvement projects were all up. Several major hotels opened new wings or began new construction projects. There are now approximately 3,600 rooms available in the commonwealth and another 3,000 under construction or planned, not including the 500-room casino and hotel nearing completion on Tinian, or the 2,000-room resort under consideration there.

Tourist numbers were up overall, to about 660,000 entries per year. A substantial increase in arrivals from Korea more than compensated for the downturn in numbers from Japan, and there was a small but steady flow of visitors from eastern Russia. Several hotels recruited Russian-speaking staffers to meet anticipated future demand. An effort has also been made to lure visitors from mainland China.

The garment industry was again the focus of mixed reviews and has a shaky future. Last year, the commonwealth Department of Commerce lifted the moratorium on new factory licenses. Four new factories opened, bringing the total to about twenty-three (the actual number is not clear because some factories share licenses and other license holders have not decided to build yet), employing some eleven thousand workers. However, increased pressure by Washington to